

Februrary 12, 1992

PERSONAL AND CONFIDENTIAL

Brian Lamont
c/o Harry's Auto Sales
641 Main Street
Presque Isle, Maine 04769

Dear Brian:

This letter follows our conversation regarding our interest in selling stations WTMS-AM/FM in Presque Isle, Maine. Per those conversations, I am enclosing financial data for the stations over the past three years. This includes sales revenue figures for 1989, 1990 and the first nine months of 1991. Also included is our annual financial for 1990 and a six month financial as of June 30, 1991.

The Presque Isle Market: As you know Presque Isle is really part of what is better described as the Presque Isle-Caribou market. Of the estimated 86,000 population in Aroostook Country, half reside within 15-20 miles of these two small markets. Current data from the Maine Dept of Labor shows that 23,600 of the 42,330 work force in Aroostook reside within the Presque-Isle-Caribou market. Incidentally the work force in the county has grown from 40,130 in August 1990 to some 42,330 in August, 1991--a trend which is ahead of the rest of the state. The actual number of persons employed was also up about two percent for the same period.

Even though Loring AFB is slated to close in 1994, this will probably not have a lasting or major impact because of the increased business coming in from Canada and local economic growth. The 71-store mall in Presque Isle is under construction and scheduled to open next summer. I suspect one of the reasons the retail community remains positive is that consumer spending in the county has remained positive while the rest of the state has slipped. According to the most recent consumer retail sales tax reports for the state, Aroostook County retail sales grew 9% thru the first three quarters of 1991. The rest of the state only grew 1%.

The County reported retail sales growth in the following categories:

Food Stores	38%
Gen Merchandise	20%
Other Retail	8%
Rest'rnt & Lodging	12%

Retail remained off in the following categories:

Building Supply	-2%
Automotive	-10%

Sales and Sales Management which tracks buying power in the markets across the country on an annual basis, indicates that Aroostook County has had 23.6% growth in total retail sales from 1986 through 1990. The latest figures show estimated retail at \$554,945,000, up from \$451,247,00 in 1986. Buying power for Aroostook for 1990 was estimated to be \$948,166,000, up from \$777,035,000 in 1986. Surprisingly, the median age in the county is 33.4 yrs which is lower than the 33.9 age for the state overall.

The real potential for radio in the County stems from the growth being experienced across the border in Western New Brunswick. S&SM indicates that retail in the four Canadian counties served by WTMS has an estimated population of about 170,000 persons and a buying power \$ 1,373 billion. Based on projections retail sales for the area served by WTMS(FM) are just under \$700 million a year (1990).

The station provides coverage to more than a quarter million people, with 60 percent living in Canada. Because of the differential in living costs, Eastern Maine will continue to attract substantial business from Canadian consumers, i. e. the new mall in Presque Isle reflects this anticipated growth. In the meantime the cities of Fredricton, Gran Falls and Edmundton continue to grow in population. Canadian radio continues to be AM oriented. In addition, Canadian regulations tightly control the content of FM radio in Canada requiring a significant portion be music of Canadian origin. As a consequence, U.S. radio with its focus on FM listenership, draws a heavy Canadian listening audience. WTMS is the only FM station (either U.S. or Canadian) which covers all of these cities. U.S. radio is an attractive buy to Canadian advertisers because it is available at rates less than half those paid to Canadian stations.

Radio: The Presque Isle market is served by the following radio stations:

Presque Isle

WBPW	96.9 mHz	100kw	CHR
WKZW(AM)	950 Kc	(Off-the-air since 1988)	
WOZI(FM)	101.7 mHz	1.35 kw	C&W

Caribou

WCXU(FM)	97.7 mHz	3 kw	Contemp
WFST(AM)	600 kc	5 kw Day	Oldies

Houlton

WHOU(AM)	1340 kc	1 kw	AC
WHOU(FM)	101.1 mHz	3 kw	simulcast

Madawaska

WCXX(FM)	102.3 mHz	1.75 kw	AC
(simulcasts WCXU)			
WSJR(AM)	1230 kc	1 kw	local AC

Fort Kent

WLCV(AM)	1340 kc	250 w	local AC
(simulcasts WSJR)			

WTMS Facilities: Station WTMS is the only full Class C in Northern Maine, operating with 100 kw from atop Mars Hill with an antenna height of 1310 feet. This enables the station to reach the whole of the County as well as Western New Brunswick (See attached coverage map.) Station WTMS(AM) is a 5 kw full time station licensed to 1390 kc which has simulcast the WTMS(FM) signal. It is presently silent.

Station WTMS(FM) leases its transmitter site on top of Mars Hill, the tallest promontory in Eastern Maine. It is the only commercial radio station located on this site. The Station

has a 3 kw backup transmitter and auxiliary power supply which are housed in the transmitter building on Mars Hill. The signal is fed to the transmitter by studio transmitter link.

A new Harris 8 bay FM antenna was installed in July 1989, together with a new de-icing system. The tower is 475 foot tall, guyed, and equipped with lightning protection and core rods. The station uses a McMartin transmitter which was built in 1976. The FM studio is equipped with an automation system and two satellite receive dishes.

The FM site lease will expire in 2002. Payments are \$2,000 per year and are payable quarterly. The lease also requires \$200 per year in payments for road maintenance.

Station WTMS(AM) uses a two tower (guyed) directional array which is located on an 11 acre tract of land owned by the station. The studios, also owned by the station, were built in 1981 and are located on Airport Drive. The AM station uses an RCA transmitter which will require some work and repairs.

Television: Station WAGM is a VHF station operating on channel 8 and carrying portions of all three networks. It is carried on eight cable systems in the county.

Cable: Three cable systems operate in the area. The largest system is operated by Paragon Cable and serves Presque Isle and Caribou with some 8370 subscribers. It carries no local advertising as of date. United Video operates small systems totalling approximately 2100 subscribers in the outlying communities of Eagle Lake, Portage Lake, Washburn, Van Buren and Mapleton. They carry no local advertising.

Newspaper: The Northeast Publishing Company (Bangor Daily News) publishes three weekly newspapers in Aroostook County: Presque Isle Star-Herald (6496 subs); The Aroostook Republican-News in Caribou (4787 subs); The Houlton Pioneer-News (6093 subs). The Fort Fairfield Review (2201 subs) is published weekly in Ft. Fairfield. Another weekly, The St. Johns Valley-Times (6202 subs) serves Ft. Kent and Madawaska in the northern part of the County.

Contracts and Agreements: There are no long term contracts at the present time which would have to be assumed by the buyer. The stations are considering a satellite affiliation for program services but no decision has been reached as of date. The station does have a consulting agreement with SMS marketing

which can be assumed. All advertising contracts are terminable on 30 days notice except for basketball sponsorships which run through mid-March 1992. The stations use ZAP news and have recently terminated their affiliation with MBS.

Staff and Payroll: See attached

Management: The day-to-day operation of the station is handled by Matt Nelson who focuses primarily on sales. Operational decisions are coordinated through Kevin Schmersal and the owners while the search is completed for a new station manager. The staff is relatively stable except for recent turnover in sales.

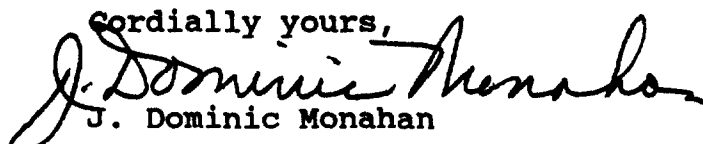
Debt: The present owners have approximately \$320,000 in primary debt to the Fleet Bank and another \$178,000 to the previous owner in secondary debt. (This is in addition to approximately \$200,000 invested by the present owners.) An effort is underway to convert the secondary debt to a long term contract for advertising with an auto dealership owned by the former owner's family. If these negotiations are successful, this agreement must be assumed by the new owner. Sellers will deliver the facilities free and clear of all debt, including that listed herein.

Asking Price: \$650,000.00. Sellers must have terms which will allow them to satisfy all existing debt. Seller's will accept terms for the balance of the purchase price, including a moratorium on principal and interest. Specifically, we must have the existing bank debt of some \$315,000 to Fleet Bank assumed. The bank has indicated that it will talk assumption to the right buyer. In addition, we will require \$175,000 cash with the remainder to be negotiated over seven years with interest only for two years and the balance paid out over the next five years. Sellers must be removed from existing notes, but will take subordinated position on remainder of purchase price.

After you have had an opportunity to review the enclosed materials, I am sure you will have questions. Please feel free to give me a call.

Best regards.

Cordially yours,


J. Dominic Monahan

Attachment D

FOUR SEASONS COMMUNICATIONS, INC.
5595 LIBERTY ROAD
CHAGRIN FALLS, OH 44022
216-498-1221
216-498-1621 (FAX)

April 1, 1992

Cavan Communications Inc.
c/o James D. Monahan
Dow, Lohnes & Albertson
1255 23rd St., N.W.
Washington, DC 20037

Dear Dom:

Attached for your and Wally's review is a letter of intent covering both the purchase of WTMS-FM/AM as well as a Local Marketing Agreement, to operate during the period prior to Closing.

Our offer is for \$600,000, almost all cash... \$550,000 in cash at Closing and the balance of \$50,000 payable on the first anniversary. This one year deferral, even though for a relatively small amount, is however important to a lender. Hopefully, you and Wally will find this acceptable.

I look forward to hearing from you.

Cordially,



Timothy D. Martz
President

FOUR SEASONS COMMUNICATIONS, INC.
3595 LIBERTY ROAD
CHAGRIN FALLS, OH 44022
216-498-1221
216-498-1621 (FAX)

April 1, 1992

Cavan Communications Inc.
c/o James D. Monahan
Dow, Lohnes & Albertson
1255 23rd St., N.W.
Washington, DC 20037

Dear Mr. Monahan:

On behalf of Four Seasons Communications, Inc. ("Buyer"), this will serve as its formal offer to purchase from Cavan Communications Inc. ("Seller") all of the assets, excluding cash and accounts receivables, used and useful for, in the operation of, and to take assignment of the Federal Communications Commission ("FCC") licenses for, Radio Stations WTMS-FM and WTMS-AM licensed to Presque Isle, Maine ("Stations"), on the following terms and conditions:

1. A total purchase price of Six Hundred Thousand Dollars (\$600,000) shall be paid to Seller as follows:
 - (a) Upon acceptance of this offer, a good faith deposit of Ten Thousand Dollars (\$10,000) shall be paid to Brian M. Madden and J. D. Monahan, to be held in an interest-bearing account established for this transaction and maintained pursuant to terms and conditions of an escrow agreement to be signed by the parties.
 - (b) Upon filing of the definitive agreement with FCC, an additional good faith deposit of Fifteen Thousand Dollars (\$15,000) shall be added to the escrow account.
 - (c) At Closing, a total of Five Hundred Fifty Thousand Dollars (\$550,000) (including the amount referred to in subparagraph (a) and (b) hereof) in cash, bank cashier's check or certified check.
 - (d) At Closing, a one year consulting agreement between James D. Monahan and Buyer calling for a total payment of Fifty Thousand Dollars (\$50,000), payable in one installment on the first anniversary of the Closing.

o/b

2. The assets to be sold will consist of all assets of Seller used in conjunction with the Stations including, without limiting the generality of the foregoing, all broadcast equipment, satellite receiving equipment, automation equipment, all physical property, towers, transmitting equipment, computer equipment, computer software, real estate including land and buildings for both the studios and the AM transmitter site, all office equipment, furniture, fixtures, customer records, but excluding accounts receivable and cash. An inventory of assets will be prepared and shown as an exhibit to the definitive agreement. All assets shall be free and clear of liens, debts or other encumbrances at closing, except as may be permitted by this agreement. It is specifically understood that Seller will retain and pay all current and long-term liabilities at closing except those specifically assumed by Buyer in paragraph 4, and Seller and its shareholders will fully indemnify Buyer against any of Seller's liabilities which are not specifically assumed by Buyer.

3. There will be no assumption of barter and/or trade agreements, non-advertising contracts, leases, other contracts and/or agreements except those agreed to in writing by the Buyer. Seller will retain the liability for and satisfy the obligations through the closing date for all contracts for music licenses with BMI, ASCAP and SESAC. Buyer will assume, subject to its review and approval and paragraph 6 (e), Seller's lease for the FM tower site on Mars Hill.

*Some trade
liabilities
need flexibility*

*add somewhere
obligation of ad KS
for Lark*

*we want flex to
deal with these
guys*

4. Buyer will take conditional assignment of Seller's accounts receivable for collection purposes only for a period of one hundred twenty (120) days following closing, and will remit collections on a monthly basis. At the end of this period, the uncollected accounts shall be returned to Seller.

5. There is no brokerage commission payable on account of the sale of the Stations to Buyer and each party hereto will hold the other harmless from any other such commissions or fees.

6. This agreement and the transaction contemplated thereby is subject to the following conditions:

(a) Approval of the assignment to Buyer of the Stations' licenses by the FCC, said approval having become a final order, no longer subject to administrative or judicial reconsideration review, or appeal.

(b) A definitive acquisition agreement containing satisfactory terms is executed and delivered by the parties. Counsel for the Buyer shall prepare the first draft of the definitive agreement.

(c) Buyer's complete satisfaction, in the exercise of its sole discretion, with an engineering assessment of the equipment of the Stations, including but not limited to the FM transmission chain, such assessment to be undertaken by an engineer of the Buyer's choice and at Buyer's expense.

*Time frame Aug 1.
Piece* (d) Definitive financing commitments from Buyer's lenders are obtained in amounts and on terms which in the exercise of Buyer's sole discretion are satisfactory to Buyer.

(e) The execution of a lease extension satisfactory to Buyer in the exercise of its sole discretion, for the Mars Hill FM site.

(f) Buyer shall have received at closing all third party consents necessary for the execution and/or the continuity of the Stations' operations, including but not limited to consents for the assignment of the Stations' licenses by the Federal Communications Commission ("FCC") as well as the transfer or assignment of leases and other contracts which may be assumed. *enumerate*

7. Buyer and Seller recognize that the transaction contemplated by this agreement may only be approved if the FCC's current duopoly proposals become effective. Currently, the FCC's proposals which would permit common ownership of 2 FM's in the same market will not become effective prior to August 1, 1992. The parties will file, within seven (7) days after the effective date of the FCC's duopoly proposal, the necessary application(s) with the FCC seeking consent to the assignment of the Stations' licenses to Buyer. Each party will bear its own legal, accounting and engineering costs incident to the negotiation of the offer and formal Asset Purchase Agreement and the filing of the application with the FCC but shall evenly split the FCC filing fee cost of Eleven Hundred Thirty Dollars (\$1,130.00). Buyer and Seller will cooperate in making all necessary governmental filings (including but not limited to filings to the FCC) and obtaining all necessary third party consents.

8. The definitive agreement will contain appropriate representations and warranties (including representations as to the condition and title of assets, accuracy of financials, veracity of receivables, absence of material adverse change, no undisclosed liabilities, etc.), provision for indemnification and survival of the representations and warranties and other customary terms and conditions. In the definitive agreement, Seller will warrant among other things that the licenses issued to the Stations by the FCC are in good standing and there are, and at the closing will be, no unresolved complaints or pending litigation in respect to the licenses, and that at the closing, the Stations shall be operating in compliance with their licenses (it is understood that WTMS-AM is currently off the air pursuant to FCC

approval and Buyer consents to extensions of this authority), and that broadcast equipment is, and at closing will be, operating in compliance with standards of good engineering practice.

9. Should the FCC fail to approve the transfer of control from Seller to Buyer within nine months of the date of filing an application for such purpose, the definitive agreement will terminate and no liability shall accrue to Seller or Buyer and the earnest money together with accrued interest shall be returned to Buyer. Buyer and Seller, however, may extend this agreement on a mutually acceptable basis.

10. Seller agrees that while this transaction is pending, it will conduct the business of the Stations only in the ordinary and usual course and consistent with prior practices except as may be mutually approved by Buyer and Seller. No action will be taken to encumber any of the property or assets to be acquired by Buyer or no other actions will be taken which would otherwise render the consumation of the transaction contemplated hereby either impossible or infeasible.

11. If at any time prior to closing should Seller cease to keep the stations on the air in a manner consistent with current practice, except those changes as may be mutually approved by Buyer and Seller, buyer shall have the right, at its sole discretion, to terminate this agreement, and to immediately receive a refund of its deposit, together with all accrued interest. *How power*

12. For a period of five years after the closing, neither Seller nor its shareholders will compete with Buyer, directly or indirectly, in the radio broadcast business within 60 air miles of Presque Isle, Maine.

13. Seller agrees that, unless negotiations between Buyer and Seller are terminated in accordance with the terms and conditions hereof, neither Seller nor its shareholders or agents will discuss a possible sale of the stations with any other party or provide any information to any other party (other than information which they traditionally provided in the regular course of their business operations to third parties where they have no reason to believe that such information may be utilized to evaluate a possible sale of the Stations). At the same time, Seller shall permit Buyer reasonable access to the facilities in order to inspect the books, records and technical facilities of the Stations.

14. Seller agrees to enter into a Local Marketing Agreement with the Buyer providing for Buyer's purchase of substantially all of Seller's airtime and Buyer's sale of all commercial advertising availabilities on the Station for a period commencing no later than May 1, 1992 and ending upon

closing or termination by Buyer of the Asset Purchase Agreement, for a monthly fee of Nine Thousand Dollars (\$9,000). Counsel for the Buyer shall prepare the first draft of the Local Marketing Agreement.

15. On the closing date, Seller shall convey to Buyer the fee title and ownership of all property being acquired by Buyer, subject to no material liens or encumbrances except as may be permitted by this agreement, and with title insurance and any transfer, sales and use or similar tax related to the sale being paid by the Seller.

16. Seller and Buyer hereby commit one to the other to take all necessary and proper steps to bring the completed transaction to a prompt closing following final FCC consent, and commit to one another in good faith to take no steps which would undermine their agreement. If any condition in paragraphs 6, 7, 10, 11 and 13 is not met to the satisfaction of Buyer, the escrow deposit together with accrued interest shall be returned immediately by escrow agent to Buyer.

Please acknowledge your acceptance of this offer by delivering to Buyer on or before the close of business on April 3, 1992, your countersigned copy of this letter. An extra copy is enclosed for this purpose.

Sincerely,

Four Seasons Communications, Inc.

By: 
Timothy D. Martz, President

ACCEPTED AND AGREED TO
this _____ day of April, 1992:

CAVAN COMMUNICATIONS INC.

By: _____

Title: _____

*Deposit to Seller
and some because
of Buyer*

Attachment E

MARTZ COMMUNICATIONS GROUP
5595 LIBERTY ROAD
CHAGRIN FALLS, OH 44022
216-498-1221
216-498-1621 (FAX)

*** FAX TRANSMITTAL ***

DATE: 5-5-92
FAX TO: Don Lohmes
FAX # 202-867-2900
ATTENTION: Don Monahan
NO. OF PAGES INCLUDING COVER: 3

Don - Option should be ok with the
attached charges.
Please call after you've reviewed them

Tim

OPTION AGREEMENT

This OPTION AGREEMENT entered into this ^{September} ~~1st~~ day of ~~May~~ 1992, between CAVAN COMMUNICATIONS CORPORATION ("CAVAN") and FOUR SEASONS COMMUNICATIONS ("FOUR SEASONS"):

WHEREAS CAVAN and FOUR SEASONS have entered into a Time Brokerage Agreement, ^{May 1, 1992} ~~this same date~~ providing Four Seasons with certain rights to present programming on station WTMS(FM), Presque Isle, Maine; and

WHEREAS FOUR SEASONS wishes an option to purchase all of the assets used in useful in the operation of Stations WTMS(AM) and WTMS(FM) ("STATIONS") from CAVAN and CAVAN has granted an option to FOUR SEASONS to purchase the STATIONS; and

WHEREAS CAVAN and FOUR SEASONS agree to be bound to such OPTION AGREEMENT on the following terms and conditions:

CAVAN grants to FOUR SEASONS the option to purchase the above STATIONS on the terms and conditions proposed in the letter of FOUR SEASONS, dated April 1, 1992, addressed to CAVAN, a copy of which is attached

FOUR SEASONS agrees that it will exercise such option to purchase the STATIONS upon the satisfaction of the following conditions:

1. The date specified in the Report and Order, dated April 10, 1992 issued by the Federal Communications Commission, for implementing the new radio multiple ownership rules shall have become effective, thus allowing the combined ownership of two FM broadcast stations in the same market ("New Rules");
2. FOUR SEASONS shall have completed its inspection of the physical assets of the STATIONS and found them to be in reasonably acceptable operating condition; and
3. FOUR SEASONS shall have secured financing necessary to effect the purchase of the STATIONS

FOUR SEASONS agrees to use ~~use~~ reasonable efforts to complete its inspection of the facilities and complete arrangements for financing the acquisition of the STATIONS by ~~August 31, 1992~~ or such date as the New Rules become effective. ^{November 1,}

later

So long as this Option remains in effect, the Parties agree to abide by the terms of paragraph 13 of the attached letter.

In consideration for the above OPTION AGREEMENT, FOUR SEASONS has paid and delivered the sum of TEN DOLLARS (\$10.00) to CAVAN, receipt of which is acknowledged by CAVAN.

WHEREFORE the above parties intending to be bound by the promises, terms and conditions set forth above, set their signatures hereto.

CAVAN COMMUNICATIONS CORPORATION

J. Dominic Monahan, President

FOUR SEASONS COMMUNICATIONS CORP.

Timothy Martz

September
~~May~~ 1, 1992

MARTZ COMMUNICATIONS GROUP
5595 LIBERTY ROAD
CHAGRIN FALLS, OH 44022
216-498-1221
216-498-1621 (FAX)

*** FAX TRANSMITTAL ***

DATE: 4-1-92
FAX TO: Dom Lohnes
FAX # 202-957-2900
ATTENTION: Dom Monahan
NO. OF PAGES INCLUDING COVER: 7

Attachment E-A



KOZACKO-HORTON COMPANY
Brokers & Consultants to the Communications Industry

P.O. BOX 948 • ELMIRA, NEW YORK 14902
(607) 733-7138 • FAX (607) 733-1212

May 4, 1992

J. Dominic Monahan
Dow, Lohnes & Albertson
Attorneys at Law
1255 Twenty-Third Street
Washington, D.C. 20037

Re: WTMS-AM/FM, Presque Isle, Maine

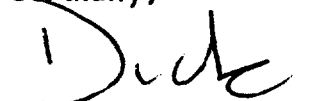
Dear Dom:

You may have noticed a couple of phone messages from me, today. I had been working with one of your neighbors, Robin Martin and one of his clients with a strong interest being shown in WTMS. Robin and I talked this morning and he asked me a few additional questions including a need for financial details and thus, my call to you. In fact, Robin was thinking about contacting you directly, and walking over to discuss the stations in more detail.

Dom, I just got off the phone with Mel Stone and he updated me regarding your signing a LMA as of last Friday. (Ahhhhhhh!)

I wish we had known that this was a step that you were considering. Does this mean that WTMS is no longer available for purchase? Please give me a call when you have a few minutes.

Cordially,



Richard L. Kozacko
President

RLK/mjl
Enclosure

cc: Mel Stone

Attachment F

April 12, 1993

Mr. Timothy Martz
President
Four Seasons Communications, Inc.
5595 Liberty Road
Chagrin Falls, Ohio 44022

Dear Tim:

This letter follows my review of your response to the draft memorandum of understanding regarding the sale and purchase of Stations WTMS-AM/FM in Presque Isle and subsequent discussions with Wally.

While we understand the need for subordination on the note to accommodate lenders, we cannot leave \$200,000 hang out for five years which is not covered by some security. Our original understanding was \$550,000 cash with \$50,000 for a non-compete to be paid at the end of one year. At your request, and to assist your financing efforts, we have already agreed to reduce your need for cash at closing to \$400,000 with payment of the remaining \$200,000 over five years at interest. In our telephone conversations on this subject I expressly referred to 8% interest. Wally also pointed out that in making this concession to you, we did not want to lose the value of the money we had originally expected to receive at closing nor take an imputed interest charge on the \$50,000. You agreed to this.

The short of it is that we need some kind of security on the note other than a subordinated position to the lender. We may be able to give you some room on first year principal payments but need the remaining balance and interest paid down over the remainder of the term. And given less than a fully secured note we cannot concede less than an 8% interest rate.

Sales and transfer taxes are the responsibility of the purchaser. We know we paid them. We see no reason to vary from that business custom. In this instance I believe we are talking primarily about real estate transfer taxes which can be partially controlled based upon the allocation you place on the property

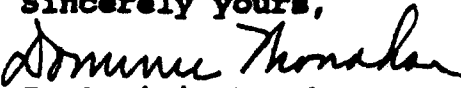
Mr. Timothy Martz
April 12, 1993
Page 2

We are willing to concede the escrow deposit but will insist that the application to the FCC be completed and filed within two weeks of executing the letter of intent.

Finally, we have some concern about the time required to secure financing. After the FCC adopted the new duopoly rules last fall, I had anticipated going to contract before year's end. However, you indicated that your bank was not willing to consider a loan proposal until your year end financials were completed. We went along with this delay. Two months ago you called to see whether we would be amenable to changing the terms of the original understanding to give you some flexibility with your lender. We did this. To date there has been nothing further to indicate that your loan proposal is moving forward in a positive manner. As you may be aware my firm has multiple contacts with various lenders. If you believe I could be of assistance in this area, please let me know.

Having reached a basic understanding on this deal almost a year ago--one which originally contemplated a closing before the end of 1992, Wally and I simply want to move this to closure. If you have any reason to think this cannot be done, please let us know.

Sincerely yours,


J. Dominic Monahan

March 24, 1993

Mr. Timothy Martz
5595 Liberty Road
Chagrin Falls, Ohio 44022

Re: Memorandum of Understanding Regarding
the Purchase and Sale of
Radio Station WTMS (AM/FM), Presque Isle, Maine

Dear Tim:

This letter will serve as a Memorandum of Understanding between Cavan Communications Corporation and Four Seasons Communications, Inc. ("Four Seasons" or "Buyer") and will memorialize the various discussions we have had regarding the offer of Four Seasons to purchase all of the tangible and intangible assets used and useful in the operation of Station WTMS-AM/FM, Presque Isle, Maine from Cavan Communications Corporation ("Cavan" or "Seller"), such assets to be conveyed free and clear of all debt, liens, encumbrances or other liabilities. The sale and purchase of the station's assets would be subject to the following terms and conditions:

1. At the closing (the "Closing") to be held on a date set by Buyer no later than 60 days after the consent of the Federal Communications Commission ("FCC") to the assignment of the license for the stations has been publicly announced and no longer subject to judicial or administrative review subject to a waiver of such Final Order requirement by the parties, Cavan will sell the assets to Four Seasons in accordance with the provisions of a definitive asset purchase agreement to be prepared and as generally described in paragraph (2) below (the "Purchase Agreement").

2. The Purchase Agreement shall, among other terms customary in the transactions of this nature, include the following terms:

a. The purchase price (the "Purchase Price") for the assets and associated real property shall be six hundred thousand dollars (\$600,000), subject to

adjustments provided in paragraphs 2(d) and 3 hereof and payable as follows:

- (1) Four Hundred Thousand dollars (\$400,000) in cash or good funds at closing;
 - (2) The balance of Two Hundred Thousand dollars (\$200,000.00) to be paid over a period of five years in equal monthly payments, including principal and interest computed at 8% annually.
 - (3) The remaining balance of Two Hundred Thousand dollars (\$200,000.00) shall be evidenced by a promissory note and shall be secured by a Security Agreement on the assets transferred and mortgages on the real estate to be transferred. The note shall also be secured by the personal guaranty of Timothy Martz.
- b. The assets shall not include the seller's cash, receivables, utility deposits or similar type liquidity or investments and books and records pertaining the corporate organization.
 - c. Buyer will agree to assume certain existing contracts of seller including the tower site lease relating to the station and the assumed contract shall be set forth in the Purchase Agreement.
 - d. The Purchase Price shall be subject to normal closing prorations.
 - e. The obligations of the parties to consummate the proposed transaction shall be subject to receipt of any required consents or authorizations usual and customary in transactions of this nature.
 - f. The representations, warranties and covenants shall be set forth relating to the assets by the Buyer and the Seller which are usual and customary in transactions of this nature.
 - g. Consummation of the transaction is conditioned upon Buyer completing its efforts and securing

financing that is sufficient to accomplish the proposed acquisition.

- h. Buyer or Seller may terminate the Purchase Agreement without penalty or liability, except in the event of default of the party seeking to terminate this Agreement, if for any other reason, the Closing thereunder has not taken place by October 1, 1993, provided however that if the necessary FCC consent has been received by the parties for the transfer of the station from Buyer to Seller, then neither party may terminate the Purchase Agreement.
- i. All federal state and local sales or transfer taxes arising from the conveyance of the assets and real estate to Buyer shall be borne in accordance with the custom and practice of sales transactions in Aroostook County or the State of Maine. Buyer and Seller agree to share equally the payment of the FCC filing fee.
- j. A representation by the Buyer that to the best of its knowledge, it is qualified to be the licensee of the Stations and a representation by Seller that is qualified to assign the licenses of the Stations.

3. Within five business days of the written execution of this letter by the parties, Buyer shall deposit with an escrow agent suitable to the parties the sum of \$30,000 pursuant to an escrow deposit agreement among the parties. In the event that the Buyer wrongfully fails to close and the Seller has fully complied with the terms of the Purchase Agreement, only in that event Buyer shall forfeit the deposit to the Seller as liquidated damages and as the exclusive remedy of Seller against Buyer.

4. The parties shall in good faith endeavor to prepare and negotiate a definitive Purchase Agreement, acceptable to each party in its discretion to be executed by the parties no later than April 9, 1993. If the Purchase Agreement is not executed by that date, then the terms of this letter shall expire without any liability either of the Seller or Buyer and the remaining cash deposit shall be returned to Buyer.